



STATE OF DELAWARE  
**THE PUBLIC SERVICE COMMISSION**  
861 SILVER LAKE BOULEVARD, SUITE 100  
CANNON BUILDING  
DOVER, DELAWARE 19904

TELEPHONE: (302) 736-7500  
FAX: (302) 739-4849

**FOR IMMEDIATE RELEASE**  
**February 19, 2009**

**CONTACT INFORMATION**  
Bruce Burcat: 302-736-7500

**DE PSC Announces the Release of the Technical Consultant's  
Final Report on Delmarva's 2008-2009 SOS Process**

Today, the Delaware Public Service Commission (DE PSC), released Boston Pacific Company's (its Technical Consultant) Final Report assessing the conduct and results of Delmarva's electric Standard Offer Service (SOS) reverse auction process for the procurement year 2009-10. Delmarva successfully contracted to secure all of the outstanding needs for full-requirement service for Delaware's SOS customers – those who have not chosen an alternative supplier. Boston Pacific found that the solicitation was robustly competitive and that the resulting prices were consistent with market conditions. They also determined that the process was fair, transparent and conducted in conformance with Commission Orders on the procurement process.

Since generation rate caps were lifted on May 1, 2006, Delmarva, pursuant to Commission Order No. 6598 and the Settlement Agreements, has completed four SOS procurements. The first procurement was completed in February of 2006, the second was completed in February 2007, the third was completed in February 2008 and the fourth was completed earlier this year. The procurement process for the recently completed procurement used a different method than those in previous years. The first three procurements used a simple, one round, sealed bid Request For Proposal (RFP) in which bidders would have a single chance to submit their bid for any or all of the electric supply blocks available, without knowledge of the actions of any other bidder. The new format is a reverse auction process that relies upon bidders' awareness of the actions of other bidders in an attempt to drive prices down.

- more -

Of the eleven companies eligible to bid in this year's RFP, nine actually bid – down from the eleven that submitted bids last year. Of the nine bidders, six won a portion of Delmarva's SOS needs. The winning suppliers were: Consolidated Edison Energy Inc; Conectiv Energy Supply Inc; Constellation Energy Commodities Group; Hess Corporation; Macquarie Cook Power, Inc. and PPL EnergyPlus LLC.

For this fourth procurement, Delmarva held two separate auctions, November 2008 and January 2009, in which they received and ranked bids for four different customer classes. In total, Delmarva sought and acquired a total of 604.8 MW of Peak Load for full-requirements SOS service. For the Residential class, Delmarva sought 36-month contracts accounting for approximately 33% of the SOS need. The average winning load-weighted price for this class was \$103.49/MWh, slightly less than 6% lower than bids last year. The remaining 67% of load will be supplied under 36-month contracts procured in the previous two years. For the remaining three classes (larger commercial and industrial customers), Delmarva sought 12-month contracts comprising 100% of the needs. Average winning load-weighted prices for these classes ranged from \$98.95/MWh to \$103.33/MWh and ranging from 2.5% lower to 6.4% higher than last year. For the large commercial and industrial customers the contracts from this solicitation will replace contracts from last year. The Medium General Service customers will see a 2% rate decrease and Large General Service Customers and General Service customers will see a rate increase of between 5 and 6 percent.

The contracts from this solicitation for residential customers will replace contracts procured in the 2005-2006 procurement. This will result in no change in rates for residential customers. While energy prices have declined from the 2005-2006 RFP, capacity prices have increased since that time with the implementation of PJM's Reliability Pricing Model as well as an increase attributable to credit and risk costs. Although current fuel costs, notably natural gas, have declined substantially from the historic high levels experienced during the spring and summer of 2008, that decrease does not affect the current rates because no power was procured for SOS service during this recent period of high fuel costs.

The full version of the Technical Consultant's Final Report can be found on the DE PSC's website at <http://depsec.delaware.gov/>.